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Committees  
Economic Development, Small  
Business and Regulatory Reform VC  
Families and Human Services VC  
Government Operations  
Health Policy

# The Jacobs Report

**FOR IMMEDIATE RELEASE**  
**Friday, May 28, 2004**

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## **CIGARETTE TAX CLEARS HOUSE**

The Republican-controlled House gave Democratic Governor Jennifer Granholm a critical victory Wednesday by passing House Bill 5632, the centerpiece proposal of her budget-balancing plan. Republicans did put their imprint on the legislation, however, passing amendments to siphon about \$44 million from prospective revenues.

Under language in the revised bill, taxes on cigars and other tobacco products will go untouched, but the plan would make Michigan's cigarette tax the second-highest state cigarette tax in the nation at \$2 per pack. New Jersey leads the U.S. with a per-pack tax of \$2.05.

Democrats prefer to use the increased tax revenue to prevent cuts to K-12 public schools and to cover the costs of Medicaid caseloads, which have risen in recent years because of the slow economy. Republicans raised some objections over how to spend the money, but most of those differences were patched over and left to be settled later in the budget process.

House approval may have been the tallest hurdle for the cigarette tax increase. House members, unlike their Senate colleagues, are up for reelection this fall. The House is also known for its anti-tax membership.

Senate Republican leaders expressed willingness to take up the tax, but emphasized it should be done in concert with their proposals to stimulate job development. Senate Democrats emphasized the need for fiscal responsibility. "Of course, we'd all like to cut taxes rather than raise them," said state Senator Gilda Z. Jacobs (D-Huntington Woods). "But there's a huge budget hole to fill. Public services such as education and public works such as roads cannot be provided for free."

The House-passed version of HB 5632, moves the effective date of the tax to July 15 with an amendment that allows vendors to pay their taxes based on the old rate for two weeks after the July 1 effective date.

Rep. Bill McConico (D-Detroit) abstained in last week's failed vote, but supported the bill this time around because he was out of options to fund Medicaid and K-12 schools.

"I still believe this is a regressive tax," he said, "but the services to the people of my district would be harmed greatly if we're not able to fund Medicaid fully, if we gut school aid. At the end of the day, we really have no choice."

The vote by the Republican-controlled House comes just days after the Republican Party voted at its state convention in Grand Rapids to oppose all tax increases.

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To those members of the GOP who cannot understand how a legislative house controlled by their party would vote to raise taxes, Republican Rep. Gary Woronchak of Dearborn said, "They should put their name on a ballot, get elected to the Legislature and then have to balance the needs of their district, health care and education, and I think they'll see that it's a lot less black and white."

**FIGHT NIGHT IN DETROIT?**

Two former heavyweight champions and one of the world's most respected trainers testified this week before the Senate Committee on Economic Development, Small Business and Regulatory Reform, urging Michigan to update state law to eliminate situations where fly-by-night promoters can get away with stiffing their boxers.

According to those offering testimony, the Detroit casinos, along with Ford Field, the new McNamara airport terminal, and the city's storied history of producing great boxers like Joe Louis, James Toney and Floyd Mayweather Jr. create a host environment ripe to compete with Las Vegas for the world's most prestigious prize fights. The only thing standing in the way is a set of antiquated regulatory rules.

Five-time boxing champion Tommy "The Hitman" Hearns and Eddie Mustafa Muhammad both told the Committee that Michigan provides no guarantees that a boxer will get paid after a fight.

Muhammad, a former boxing champion in the 1980s and currently the head of the Joint Association of Boxers said, "At the end of the day, I want to know that I'm getting paid, after a hard night's fight. You're promised to walk into a fight, you're not promised that you'll walk out."

The rules also adjust insurance requirements that were put in place back in 1952 that insured the boxers only up to \$5,000 in case of a death and \$1,000 in case of a back injury. As Brad Wright of the Athletic Board of Control said, "You can't get two stitches and an ambulance ride for \$1,000."

The new rules being proposed in HB 4335 and HB 4336, sponsored by Rep. Dave Robertson (R-Grand Blanc) are similar to those in other states in that they require that promoters be bonded to a certain amount, thus making sure the fighters and ring officials are paid after a fight. The bill also creates a new Michigan Boxing Commission that would be given more authority to push for rules changes within the Department of Labor and Economic Growth.

That's a good thing, according to Emmanuel Stewart, Hearns' former manager. "We have an opportunity to go back to the old days," he said. "Everybody brings in money on a boxing match. Michigan can be a big, big state and will be able to compete, to some degree, with Las Vegas."

**STATE TO PROTECT MICHIGAN MOTORISTS**

As gasoline prices continue to soar and Michigan prepares for the start of the tourism season, state officials announced a new website as part of efforts to ensure that Michigan motorists are protected at the pump.

"This Administration is focused on doing everything within the state's power to ensure that Michigan consumers and businesses get their money's worth at the pump, especially as prices rise," Governor Jennifer M. Granholm said.

In a collaborative effort, the Michigan Departments of Agriculture (MDA) and Transportation (MDOT), along with the Michigan Public Service Commission (MPSC), are increasing the availability of consumer information and complaint processes.

MPSC, the agency responsible for tracking the state's energy supplies, this week released its annual summer energy appraisal, which included a section on gasoline price and supply outlooks. Gasoline prices in Michigan have exceeded \$2 per gallon and are at record highs due to high crude oil prices. These crude oil prices are a result of the high levels of demand in world oil markets, low inventories and OPEC production cuts earlier this year.

MDA, the agency responsible for ensuring that gasoline sold in Michigan meets quality and quantity standards, has stepped up its complaint, routine and undercover inspections at the state's approximately 5,100 retail gas stations.

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In mid-April, MDA answered Granholm's call for increased consumer protection at the pump with a pledge to increase its monitoring of stations/pumps by at least 20 percent over the peak driving season in a project dubbed "May Day through Labor Day."

Since May 1, inspectors have already conducted 262 activities at retail gasoline and diesel fuel outlets, a 40 percent increase - well above project goals - from the same timeframe last year. Of those, 81 were complaint investigations for short measure fuel, with 11 percent substantiated and addressed. And 25 were complaint investigations for poor gas quality and/or excess water, in which 16% were substantiated to date, with many samples currently undergoing laboratory testing.

In an effort led by Team MDOT, the state unveiled an updated web site - [www.michigan.gov/gasprices](http://www.michigan.gov/gasprices) - to serve as a "one-stop shop" for consumers looking for convenient, timely information on gasoline prices as well as how to conserve fuel and save money at the pump.

The site was originally activated last spring, but was recently redesigned to include more information. Highlights of the topics consumers will have access to include: average gas prices or the ability to look up gas stations across the state; how/where to file a complaint if price gouging is suspected; driving tips to get the most out of a tank of gas; tips for buying gasoline; in-state travel destinations to help stretch entertainment dollars; alternatives to driving; and locating transit agencies, such as planes, trains and buses.

"This is one way the state can help ease the burden for travelers," said MDOT Director Gloria Jeff. "Information on the redesigned site addresses many of the challenges Michigan gasoline consumers say they are most concerned about, and offers advice to help families and workers save money."

All Michigan legislation can be tracked at <http://www.legislature.michigan.gov/>.

**State Senator Gilda Jacobs** represents the 14<sup>th</sup> Senate District, which includes Beverly Hills, Bingham Farms, Farmington, Farmington Hills, Ferndale, Franklin, Hazel Park, Huntington Woods, Lathrup Village, Oak Park, Pleasant Ridge, Royal Oak Township, Southfield, and Southfield Township. She is the Minority Vice Chair of the Families & Human Services Committee and the Economic Development, Small Business & Regulatory Reform Committee. She also serves on the Government Operations and Health Policy Committees.

**Constituents of the 14<sup>th</sup> District may contact Senator Jacobs at [sengjacobs@senate.michigan.gov](mailto:sengjacobs@senate.michigan.gov) or toll-free at 1-888-937-4453.**

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